
➔ BRAZIL:
**HOW PARTICIPATORY BUDGET-MAKING CAN IMPROVE THE
QUALITY OF LIFE**

In a Nutshell

Ten years ago, the Brazilian Municipality of Porto Alegre created an innovative system to manage municipal funds: people join officials and locally elected leaders to decide on investment priorities, actions and public works, and build a participatory budget.

The results demonstrate that community involvement, transparency and accountability can improve the effectiveness of public expenditures. Concrete changes have come to Porto Alegre, along with a revival of the sense of citizenship and the realization that it is possible to actively participate in public affairs. The citizenry of Porto Alegre has acquired a form of democratically management that was dubbed an exemplary urban innovation by the 1996 UN Conference on Human Settlements in Istanbul.

The Story

Public budgeting and accounting in Brazil has been characterized by resource wastage, political clientelism and corruption. In the past, high inflation helped turn municipal budgets into fictitious documents over which citizens had little control. Although inflationary pressures have now eased to some extent, scandals, the misuse of resources and the absence of accountability are still pervasive. Porto Alegre's participatory budget process has sought to remedy this situation

by bringing people, officials and locally elected leaders together to debate and consult on investment priorities, actions and public works.

At first, the legacy of inadequate financing, opaque decision-making and simple lack of experience resulted in low participation. But as the municipality recovered its investment capacity through a radical reform of the taxation system, the participatory budget system started taking off. The municipality mobilized resources to respond to popular demands, while community members began seeing tangible improvements in their living conditions. In 1994, some 11,000 people took part in meetings and plenary assemblies – by 1997, the figure was 20,000. Adding the people who attended the many different meetings organized by community associations, more than 50,000 citizens have contributed so far.

Every year, the process involves the municipality organizing two large plenary assemblies in each of the city's 16 regions, along with five thematic groups on the organization of the city and urban development; circulation and transportation; health and social services; education, culture and leisure; and economic development and taxation. The first assembly reviews the investment plans of the former year, ensuring transparency. In the second round, citizens identify their priorities and elect their board members for formulating the new budget. Between these two rounds, additional meetings take place, either in the thematic groups or in the regions, where people articulate their needs. This stage is the most important, as it decentralizes discussion to the neighbourhood level, particularly in poor areas.

A forum of regional and thematic delegates and a board for the participatory budget are then constituted. Selected delegates meet once a month. Their role is to support the board members, to inform the general community about the topics discussed, to hold strategic meetings and to follow up on the investment plans. The board comprises two members and two substitutes elected in each of the regions; two members and two substitutes elected in each of the thematic groups; one representative and one substitute from the Union of Civil Servants; and one representative and one substitute from the Association of Dwellers of Porto Alegre. The government has two representatives who do not have voting rights. Board members are elected for one year and can be re-elected once.

Preparation of the budget and investment strategy begins with government divisions and agencies discussing the options, as well as their costs and feasibility. Board members and delegates then organize debates within the communities. Based on their feedback, the Executive presents to the board a detailed budget proposal including all items of income and expenditure. An investment and work plan is prepared for each region, together with the sector investments that are important for the whole city. At the end of the process, the board approves the investment plan.

The Executive then sends the budget to the City Council, where a complex debate between participatory and representative democracy takes place. It is a naturally tense and difficult relationship, but it has proved to be a positive one.

City Council members discuss the overall budget with the Executive and, together with the board members, present amendments and suggestions for change. Negotiations unfold, resulting in some modifications that do not affect the overall structure of the budget, and the City Council passes a final draft.

Results and Critical Factors

- The participatory budget process demonstrates that participation, transparency and accountability can improve the effectiveness and efficiency of public expenditures. It has been a valuable tool for bringing concrete changes to Porto Alegre, such as almost universal access to water and sanitation; improved roads, drainage and street lighting; doubling of school enrolment and the expansion of primary health care. An influential business journal nominated Porto Alegre as the Brazilian city with the best quality of life for the fourth consecutive year.
- The budget also has served as a tool for profound changes in the political culture of the city, eliminating the traditional practices of corruption and clientelism, and giving new value and meaning to citizen involvement. Today, the people of Porto Alegre have access to information about public investments and are empowered to make decisions affecting their future.
- A notable change in attitudes among technical staff, who are well versed in matters of budgeting and engineering, has also been observed. Through a jump from “techno-bureaucracy to techno-democracy”, these staff have changed the way they communicate, trying hard to make themselves understood in simple language. Lively debates have been witnessed between the increasingly assertive delegates and staff over the latter’s technical criteria and proposals.
- The participatory budget is neither perfect nor a finished process. It faces problems and issues that require constant attention. However, it offers lessons that are nationally and internationally useful. Many other municipalities have adopted the system, and scholars from different countries have visited the city to learn more about it. There are now more than 70 municipalities implementing participatory budgets in Brazil.
- This experience has also stimulated public reflection and debate about the limits and insufficiencies of representative democracy. In a country like Brazil, where democracy is young, voters’ views are usually disregarded or defrauded through frequent political shifts and changes of elected representatives. The compliance of programmes with electoral platforms and policies is often ignored, while citizens have become inured to poor representation.

Further information

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